MODERN
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THE TRANSPORTATION BUSINESS MAGAZINE SEPTEMBER 1989

Industry Report
Business

THE CORPORATE CROSSROADS

Logistics plays traffic cop

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002529 010 008
Susan Garner
Consolidated Inf Service
4521 Post Moor Highway
Bonfield VA 20914

ing the tariff trap

Real partnershipping

Managing your railcar fleet

SEPTEMBER 1989

CHILTON'S
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THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE

VOL. 88, NO. 9

COVER STORY

28 CORPORATE CROSSROADS

Sales & Marketing, Production, Finance and other departments arrive at a crossroads, where important strategic decisions have to be made or plans implemented. Everyone shares the company's goals, but they're not sure how to proceed. Or maybe each has a different vision of how the goal is achieved. Logistics is in perfect position to direct traffic.

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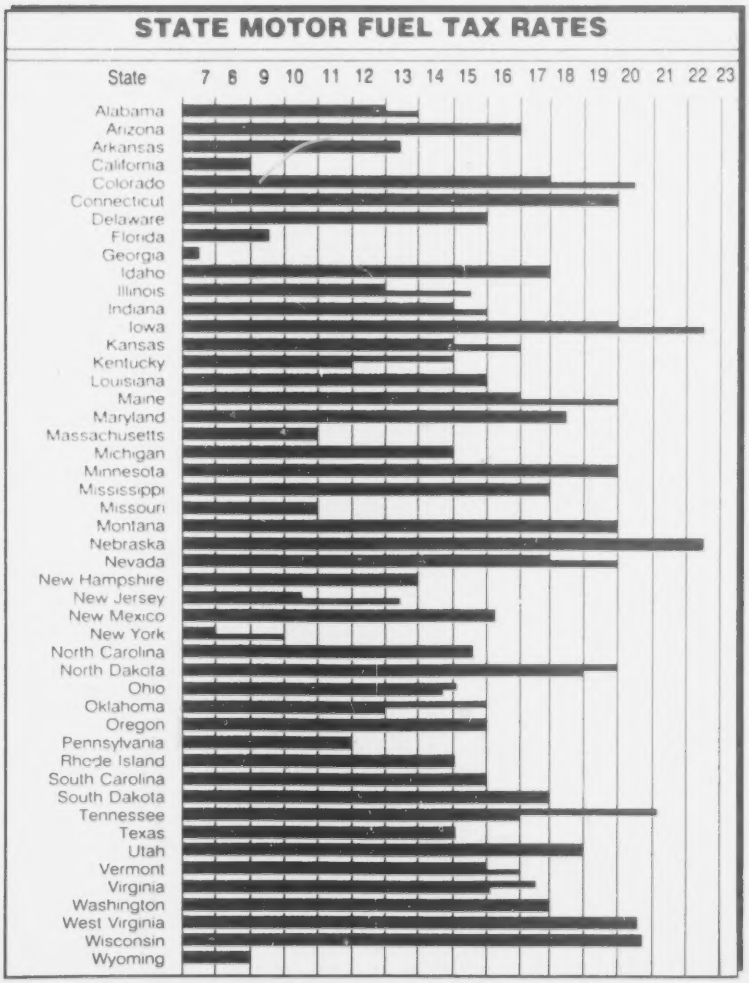
DISTRIBUTION's 1989 SITE LOCATION INDEX

Where's the best place to locate a new plant or distribution center? This handy guide should get your search moving in the right direction.



The information presented in this feature was gleaned from a number of sources. Because it was impossible to convey, in these charts, the full extent of the details provided by these documents, it is recommended that the reader consult these primary sources where appropriate.

One of the most useful tools for evaluating the states is the "General Manufacturing Climates" study. Conducted annually by Grant Thornton, an accounting and management consulting firm, it rates the states according to 22 economic factors. Contact Grant Thornton, Suite 1700, One Prudential Plaza, Chicago, Ill. 60601.

Data on motor fuel taxation is available from the Highway Users Federation, 1776 Massachusetts Ave., N.W., Washington, D.C. 20036-1993.

Information on highway regulations, taxes, and reciprocity agreements is also available from the National Private Truck Council, Suite 720, 1320 Braddock Place, Alexandria, Va. 22314.

FUEL TAX RATES represents the taxes imposed on motor fuels in cents per gallon. The bars are doubled, the upper segment indicating the tax on gasoline, the lower segment the tax on diesel fuel. In many cases the two fuels are taxed at the same rate. In addition to the basic rates, many states also impose additional mileage taxes, surcharges, etc. As of July, 14 states had raised one or both of their motor fuel tax rates. Increases were pending in 13 other states. The current national average state tax for diesel fuel is 15.41 cents; Federal tax is an additional 15 cents. Source: Highway Users Federation.

MOTOR VEHICLE SIZE, WEIGHT AND ACCESS RESTRICTIONS

	height			width		length											weight			access						
						straight truck					tractor/ trailer															
	13'6"	14'	14'6"	96"	102"	35'	40'	45'	60'	see notes	60'	65'	70'	see notes	not specified		73,000 - 79,999 lbs	80,000 lbs	over 80,000	see notes	.5 miles	1 mile	3 miles	5 miles	10 miles	unlimited	see notes
Alabama	●			●			●				●				●			●				●				●	
Arizona	●			●			●											●								●	
Arkansas	●				●		●				●															●	
California		●			●		●					●						●			●						●
Colorado	●				●		●						●					●									
Connecticut	●				●				●						●			●			●					●	
Delaware	●			●			●				●							●									a
Florida	●			●		●									●			●									b
Georgia	●			●					●		●						●										c
Idaho		●			●		●								●			●									
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Maine	●				●			●			●							●									d
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Mississippi	●				●		●								●			●									
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Montana		●			●		●								●			●									
Nebraska			●		●		●					●							●							●	
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New Mexico	●				●		●					●						●									h
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Ohio	●				●		●								●			●								●	
Oklahoma	●				●			●						G					●								j
Oregon		●			●		●				●							●			●						
Pennsylvania	●			●			●				●							●									k
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South Carolina	●			●		●					●							●								●	
South Dakota	●				●			●							●					K							m
Tennessee	●				●		●								●			●									j
Texas	●				●			●							●			●								●	
Utah		●			●			●						I				●									
Vermont	●				●				●			●						●									n
Virginia	●			●			●				●							●									o
Washington		●			●		●								●			●									
West Virginia	●			●			●				●									L							p
Wisconsin	●				●		●				●							●									
Wyoming		●			●				●		●									M							

MOTOR VEHICLE RESTRICTIONS outlines the size and width limitations observed by the various states. The limits described are those imposed on vehicles travelling on state and non-designated highways. Limits governing vehicles travelling on the interstate system are governed by the provisions of the Surface Transportation Assistance Act. Also included in the chart are the restrictions limiting access to the designated interstate highway system. The limitations listed under the "length" heading are those for a 2-axle straight truck, and for 3-axle tractor, 2-axle trailer combinations. The vehicle weight limits are for 3-axle tractor, 2-axle trailer combinations. Exceptions or additional restrictions may be applied in some cases.

Notes, vehicle sizes and weights:

A – maximum length = 42 ft.
B – maximum length = 36 ft.
C – maximum length = 42 ft., 5 in.
D – maximum length = 50 ft.
E – maximum 55 ft. wheelbase
F – maximum 59 ft. wheelbase
G – maximum 53 ft. wheelbase
H – maximum 75 ft. wheelbase
I – maximum 48 ft. wheelbase
J – maximum GVW 72,500 lb.
K – As per Bridge Formula and tire size
L – Max. weight on non-designated highways is 65,000 lb., may be increased to 80,000 lb. by state order.
M – GVW is controlled by the Bridge Formula

Notes, interstate system access provisions:

a – By specific route permit only.
b – Rural-1 mi. (2 lane) and 3 mi. (4 lane); urban-1 mi. on rds with 12-ft. lanes.
c – From identified interchanges; 60-ft. limit.
d – 2 mi. in rural areas; 1/2 mi., urban areas.
e – Shortest practical route to terminals.
f – Specific permit required.
g – By permit only for twins.
h – 20 mi. from Interstates, designated roads.
i – 1500 ft. on all state highways intersecting a designated highway. Additional access by permit.
j – Shortest reasonable route.
k – .2 mi. from designated system.
l – Doubles restricted to 1 urban mi.; 1 mi. on 2-lane roads and 3 mi. on 4-lane roads in rural areas; other by permit only.
m – Access limited to loading docks, terminals, maintenance facilities.
n – Unpermitted twins: .5 mi. for access to food, fuel, lodging, terminals.
o – Permit required beyond .5 mi.
p – Within 2 mi. of designated routes.

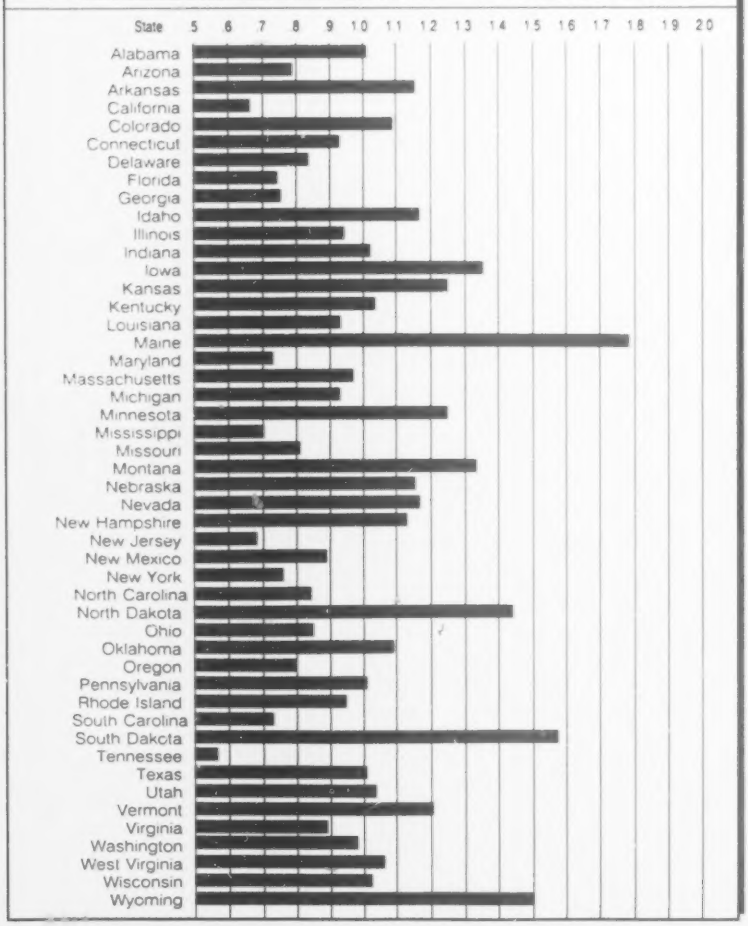
RECIPROCITY AGREEMENT PARTICIPATION

State	IRP	UPA	MRA	IFTA	RFTA	State	IRP	UPA	MRA	IFTA	RFTA
Alabama	yes	no	yes	no	no	Nebraska	yes	yes	no	no	no
Arizona	yes	yes	yes	yes	no	Nevada	no	yes	no	no	no
Arkansas	yes	no	no	no	no	New Hampshire	yes	no	no	no	yes
California	yes	yes	no	no	no	New Jersey	no	no	yes	no	no
Colorado	yes	yes	yes	yes	no	New Mexico	no	yes	no	no	no
Connecticut	yes	no	no	no	no	New York	yes	no	no	no	no
Delaware	yes	no	no	no	no	North Carolina	yes	no	yes	no	no
Florida	yes	no	yes	no	no	North Dakota	yes	yes	yes	no	no
Georgia	no	no	yes	no	no	Ohio	no	no	no	no	no
Idaho	yes	yes	no	yes	no	Oklahoma	yes	no	no	yes	no
Illinois	yes	yes	yes	no	no	Oregon	yes	yes	no	no	no
Indiana	yes	no	yes	no	no	Pennsylvania	yes	no	no	no	no
Iowa	yes	yes	no	yes	no	Rhode Island	no	no	no	no	no
Kansas	yes	yes	yes	no	no	South Carolina	yes	yes	yes	no	no
Kentucky	yes	no	yes	no	no	South Dakota	yes	yes	no	yes	no
Louisiana	yes	no	yes	no	no	Tennessee	yes	no	yes	no	no
Maine	no	no	no	no	yes	Texas	yes	no	no	no	no
Maryland	yes	no	yes	no	no	Utah	yes	yes	no	no	no
Massachusetts	no	no	no	no	no	Vermont	yes	no	no	no	yes
Michigan	yes	no	yes	no	no	Virginia	yes	no	yes	no	no
Minnesota	yes	yes	no	yes	no	Washington	yes	yes	no	yes	no
Mississippi	yes	no	yes	no	no	West Virginia	yes	no	no	no	no
Missouri	yes	yes	yes	no	no	Wisconsin	yes	no	no	yes	no
Montana	yes	yes	yes	no	no	Wyoming	yes	yes	no	yes	no

RECIPROCITY AGREEMENT PARTICIPATION is a checklist of the major truck registration agreements:

- Multistate Reciprocal Agreement – a registration plate issued in the home state is honored by all participants. Fuel taxes are paid to each state on a per-mile basis;
- International Registration Plan – based on a single apportioned registration plate and a card carried inside the vehicle that lists other states it can operate in. Registration fees based on historical or forecast mileages;
- Uniform Proration Agreement – a home state license contains spaces for decals purchased from other states. Registration fees are based on actual mileages;
- International Fuel Tax Agreement & Regional Fuel Tax Agreement – base state issues license, decal, receives all fees and reports, and distributes payments to appropriate jurisdictions.

TRANSPORTATION NETWORK



TRANSPORTATION NETWORK is an index of each state's quality of transportation. The index is an overall rating based on such factors as the state's transportation budget, condition of roadways, per capita transportation expenditures, average daily traffic volumes, and a number of other commuter-related factors. A rating of 1.000 is defined as the national average. The higher the rating, the better the state's transportation network. Only three regions of the country scored higher than the national average – New England, the North Central and South Central regions. The North Central region alone accounted for seven of the top ten ratings. Pennsylvania, which in a 1987 survey of interstate truckers was named the state least convenient to drive in, again ranked above the national average in this study. The South Eastern region replaced the Mid East as the nation's worst, however. Tennessee received the worst score in the country, and only two states in the region topped a score of 1.000. Data are for the year 1988. Source: General Manufacturing Climates, Grant Thornton.

LABOR ENVIRONMENTS – AVERAGE WAGES

State	Avg Wage/hr	% Change	State	Avg Wage/hr	% Change
Alabama	$ 9.01	18.55	Nebraska	$ 9.49	7.84
Arizona	9.89	9.89	Nevada	10.08	12.00
Arkansas	8.07	15.29	New Hampshire	9.73	31.49
California	10.99	10.68	New Jersey	10.88	19.56
Colorado	10.26	14.00	New Mexico	8.78	15.53
Connecticut	10.77	22.39	New York	10.43	18.52
Delaware	10.48	13.91	North Carolina	8.13	21.34
Florida	8.40	15.07	North Dakota	8.37	8.70
Georgia	8.68	20.25	Ohio	12.00	13.21
Idaho	9.93	10.33	Oklahoma	10.35	12.50
Illinois	11.03	13.71	Oregon	10.64	3.30
Indiana	11.38	12.67	Pennsylvania	10.27	15.39
Iowa	10.64	5.35	Rhode Island	8.55	23.91
Kansas	10.19	10.76	South Carolina	8.30	18.57
Kentucky	10.15	15.34	South Dakota	8.03	10.00
Louisiana	10.91	11.33	Tennessee	8.96	19.47
Maine	9.31	22.50	Texas	9.97	12.02
Maryland	10.47	16.33	Utah	9.93	14.14
Massachusetts	10.46	28.25	Vermont	9.45	22.73
Michigan	13.43	15.78	Virginia	9.35	19.87
Minnesota	10.56	10.00	Washington	11.83	3.77
Mississippi	7.83	16.87	West Virginia	10.72	10.52
Missouri	10.17	14.27	Wisconsin	10.64	8.57
Montana	10.63	2.21	Wyoming	9.88	13.56

AVERAGE WAGES represents the average hourly wage paid to manufacturing workers. The column labeled "% change" indicates the trend in the average manufacturing wage over the last five years. As in the past few years, the lowest average wage is paid in Mississippi, and the highest in Michigan. The increase in wages over this five-year period has averaged about 14 percent. New Hampshire, however, again leads the nation with increases amounting to over 31 percent. The most favorable wage climate again is in the Southeast. This year, pay in New England – which has the second most favorable average wage – is rising the fastest, at a healthy 25.21 percent. Wages in the West and North Central regions are rising slowest. Source: General Manufacturing Climates, Grant Thornton.

An invoice shouldn't leave you in the dark.

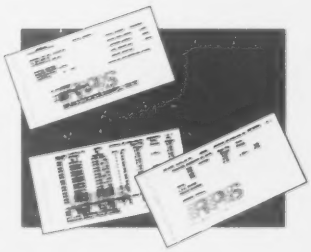
A Roadway Services Company

LABOR ENVIRONMENTS – UNIONIZATION

State	Union Workforce	% Change	State	Union Workforce	% Change
Alabama	15 33%	-1 97	Nebraska	9 86%	-1 00
Arizona	3 81	-0 63	Nevada	6 20	-0 59
Arkansas	12 00	-0 59	New Hampshire	6 75	-0 53
California	22 62	-0 87	New Jersey	24 78	-0 28
Colorado	9 96	-0 37	New Mexico	10 40	-2 06
Connecticut	15 60	-0 54	New York	48 21	-0 90
Delaware	20 52	0 41	North Carolina	4 60	-0 15
Florida	8 92	0 12	North Dakota	10 12	-1 43
Georgia	11 95	-0 91	Ohio	40 86	-0 32
Idaho	8 58	-1 97	Oklahoma	17 12	-0 15
Illinois	33 27	-3 17	Oregon	21 38	-1 43
Indiana	37 58	-1 04	Pennsylvania	40 72	-0 01
Iowa	20 78	-4 17	Rhode Island	11 09	0 17
Kansas	11 42	-0 58	South Carolina	3 12	-0 31
Kentucky	23 05	-1 66	South Dakota	2 66	-0 46
Louisiana	20 43	0 10	Tennessee	13 46	-0 96
Maine	18 72	-1 17	Texas	15 06	-0 35
Maryland	30 02	-1 01	Utah	5 05	-0 91
Massachusetts	19 91	0 31	Vermont	8 28	-1 22
Michigan	53 57	1 21	Virginia	12 19	0 28
Minnesota	18 07	-3 19	Washington	28 15	-2 69
Mississippi	8 13	-0 23	West Virginia	29 78	-3 48
Missouri	32 38	-3 72	Wisconsin	24 30	-2 83
Montana	25 12	0 10	Wyoming	15 85	-1 72

UNIONIZATION indicates the degree to which the available workforce is unionized. This factor has a potential effect on the future cost of labor and on labor relations. The second column indicates the change in unionization, as a percentage, over five years. The figures show that the decline in union membership characteristic of the past several years is continuing, although at a far slower pace. In the 1988 study, several states recorded decreases in unionized workers of between 20 and 50 percent over five years. This year the largest decrease is less than 5 percent, and the 50-state average is just over 1 percent. In only eight states did union membership grow during 1988. In each case, the increase was modest. Source: General Manufacturing Climates, Grant Thornton.

How to account for shipping costs: The RPS Itemized Bill



The day George Davis had been anticipating finally arrived. It was the end of the fiscal year and several areas of the company, along with George's distribution department, were the subjects of upcoming financial audits.

But George wasn't worried. Early last spring he had begun using RPS. Thanks to their itemized billing procedure, George knew exactly when and where each distribution dollar had been spent. By shipping with RPS and using their barcode, George's company had a unique and thorough history on every package shipped ... including pick-up point, delivery point, weight, and additional charges associated with each package.

Every shipping detail, down to the last red cent, was present and accounted for. And as for George Davis' audit... well, that goes without saying.

For more information about how RPS can help you manage your costs, call 1-800-ROADPAK.
(762-3725)

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